

NR 15572

CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

OLC 74-1804

14 August 1974

Honorable John L. McClellan, Chairman
Committee on Appropriations
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

I have read with much interest your remarks on the floor of the Senate on 5 August 1974 regarding section 406 of the appropriation for the Department of Housing and Urban Development and other agencies (H.R. 15572). That section would prohibit the transfer or expenditure of funds, appropriated by that bill, to the Central Intelligence Agency. I share your concern over the inclusion of such language in the bill.

I was impressed by your statement that since there were no funds in H.R. 15572 for CIA and since it had been made clear that the only bill

was also brought out in that debate that the Director of the Office of Management and Budget and representatives of the various agencies who testified on the bill had indicated that there were no funds in the bill for the use of CIA.

Section 406, as reported, states that, "No funds appropriated by this Act may be transferred to or expended by or on behalf of the Central Intelligence Agency." The language of this provision is so broad that it would preclude all transfers of funds from those agencies specified in the bill to CIA including transfers under the authority of the Economy Act of 1932, as amended. As you know, the Economy Act authorizes the direct transfer of funds either by advance or by reimbursement when procurement, contracting, services, or facilities can be provided more cheaply by one organ of Government than another.

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This Agency, like other Government departments, transfers to and receives from other agencies a considerable amount of money each year under the provisions of the Economy Act in order to effect the efficiency and economy envisioned by that Act. If language similar to section 406 were to be included in every appropriation bill, this Agency and the agencies receiving the appropriations under those bills would be precluded from effecting the economy in Government which I believe we all support. I believe it is manifestly wrong--and in fact discriminatory--to prohibit this Agency and those agencies who wish to utilize the services and other facilities of CIA which are authorized under the Economy Act from effecting the savings and efficiency provided under that Act. Of course, any utilization of the Economy Act authority would still be subject to the provisions of the National Security Act of 1947, as amended, which states that CIA shall have no police, subpoena, law-enforcement powers, or internal-security functions.

Since H.R. 15572 has been recommitted to the Appropriations Committee, I strongly recommend that section 406 be stricken from the bill.

Sincerely,

Signed

W. E. Colby
Director

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